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# The Co-operative Movement

*ITS PRINCIPLES,  
POLICY, AND  
PROGRESS*

## AN ADDRESS

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Department of Agriculture, to the Annual  
Convention of the Ontario Bee-Keepers'  
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BY

**GEORGE KEEN,**

Secretary-Treasurer of The Co-  
Union of Canada; Honorary  
of "The Canadian Co-operator,"  
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## THE CO-OPERATIVE MOVEMENT

### Its Principles, Policy, and Progress

In the proper consideration of the subject which has been allotted to me this evening it seems necessary each of us should understand what we mean by co-operation; that is co-operation as applied to human industry.

Co-operation is not new. The tribal type of human society was co-operative in its organization and that was one of the earliest, if not the earliest form of government.

The historian Rollins tells us that while the laws of Minos, the lawgiver of the Cretans were observed in Crete that island was the abode of justice and virtue, and it remained so for one thousand years. The children were all educated alike—their parents fed at the same table at the public expense towards which all were bound to contribute either by personal or substitute labor. No reason in history can be found for the decline and fall of this state of society although it has been suggested that the introduction of slavery was the cause of its ruin.

Then we had the great Spartan leader Lycurgus who instituted the common

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possession of land among the people of Sparta. For seven hundred years Sparta flourished and the people were happy under those conditions. It is said they became the most patriotic people of ancient times, but their patriotism did little or nothing to encourage the brotherhood of man beyond their own borders. And here I might say that in brotherhood you have the keystone of the co-operative arch. The exclusive form of co-operation which has its modern manifestation in mergers, trusts and combines was in a degree adopted by the Indian tribes of this continent in each agreeing to a common hunting-ground for its tribe but prohibiting its use by all others. The modern trust fixes to the satisfaction of its constituent members the extent to which the hunting ground shall be used, but the general public are the game and not the hunters. In the exclusive form international co-operators say you have injustice and the germ of decay, but in the inclusive form—that which allows everyone to participate who will, and on equal terms—one of the fundamental attributes of modern co-operative success, the guarantee of its progress and permanency.

**Robert Owen**

While throughout the ages there have

been many illustrations of co-operative action, the era of modern co-operation in its industrial form may be said to have commenced with the philanthropic activities of Robert Owen at the close of the 18th and the beginning of the 19th century. He is generally regarded as the father of British Co-operation. He lived at the period when the factory and capitalistic system of production was being developed and noted the squalor and signs of human degeneracy it was bringing in its train.

Owen was strongly attached to the view that environment is the maker of men. Aristotle, whose praise is heard in the universities, said "Character is destiny." But how is character made? The only national way recognized in Owen's day, says the Co-operative historian Holyoake, was by prayer and precept. Owen said there were material means largely unused conducive to human improvement. Browning's prayer was "Make no more giants, God, but elevate the race at once." This was Owen's aim as far as human means might do it. Great and desirable change could only be effected by unity.

Owen was not a sentimental, speculative or barren reformer. He experiment-

ed first, produced the goods, and then with matchless energy advocated general adoption. Owen, by his work at New Lanark made himself the first captain of industry of his time. He had accomplished results not before attempted by other manufacturers. Notwithstanding great opposition and prejudice on the part of influential people in a position to obstruct him in his experimental community at New Lanark, for 29 years it had no need whatever for magistrates or lawyers, was without a single legal punishment, without any taxation for the relief of the poor, without intemperance or religious animosities. He reduced the hours of labor, well educated all the children from infancy fifty years before the provision by the government of a system of elementary education, greatly improved the condition of the adults, diminished their daily labor, paid interest on capital, and cleared upwards of \$1,500,000 profit.

Statesmen from every part of Europe visited the scene of his experiments. Patrician and bourgeois alike were impressed. Owen created better conditions for workingmen with their co-operation. He was, in addition, a tireless propagandist and it is probably the influence of his work in that respect which was

most lasting because it kept alive the co-operative faith in the minds of men after his successful experiment had died away.

The weakness in the Owenite plan was that he helped by his genius and altruism the mass of the people from the outside. He gave them the benefit of his money and his talents, but failed to adequately teach them the virtue of the maxim that "God helps those who help themselves."

#### **Rochdale Pioneers**

While we regard Owen as the father of modern co-operation, he did but plough up the land and prepare it for the co-operative seed. Modern co-operation had its real birthplace in the town of Rochdale, Lancashire, on December 21st 1844. That town is to-day the Mecca of international co-operators. From that store, hired at \$50 per annum, containing \$70 worth of fixtures and trade utensils and \$75 in merchandise, consisting of small quantities of "flour, butter, sugar and oatmeal," has arisen that mighty movement, so widespread in its beneficent operations that some years ago it was described by Lord Rosebery as a "state within a state," one which, in my judgment, because of its democratic organization, its magnitude, its compre-

hensive activities and its working-class executives is the world's industrial and economic phenomenon.

In passing I might say that while to-day the financial credit of British workmen co-operators stands higher in the money-market than that of our financial magnates, and the British Movement was in the position of being able to lend millions at normal rates of interest when a few years ago capitalist industries could not get money at any price, the 23 Rochdale pioneers deliberately set out as they themselves expressed it "to arrange the powers of production, distribution, education and government by collecting \$140 by the modest contributions of 4c. each per week. Three collectors were appointed to visit the members every Sunday and they would probably have to walk altogether 20 miles each week to get the money. These details may sound trivial and incidental. They are mentioned as indicative of the determination and spirit of mutual help at the cost of personal sacrifice, which is one of the features essential to the success of the co-operative movement.

While the 28 co-operators in Rochdale in 1844 took one year to collect \$140 capital, to-day 28,601 co-operators in that town have a capital of \$2,448,865,



did a trade last year of \$3,011,070, and made a net profit of \$506,735. It will be seen therefore that to-day there are hundreds, probably thousands, of working men in Rochdale who could go down to their co-operative store and each draw the aggregate amount it took the pioneers a year to collect from each other. Co-operation has not only given working men better and more wholesome food, better opportunities for education and recreation, avoided the possibility of food combines, and enabled them to build and furnish their own homes, but it has placed in their hands something they never possessed before, capital with which to cater to their own needs, instead of being centralized for the aggrandisement of the few and the tyrannical exploitation of the many.

#### Principles and Methods

There are several reasons why co-operators look to Rochdale for their principles. First of all those poor, almost penniless pioneers did not rely upon governments or philanthropists for their social amelioration. They depended, as the genuine co-operative democracy must depend, upon their own associated self-help for success. They expected no advantage therefrom, they were not willing and eager to give to others. They felt

too, that in having regard for the happiness of all they better insured the happiness of each, and to produce the aggregate result each and all were prepared to make great personal sacrifices.

That view involved too that co-operators should be just in their social and economic relationship with each other, that if a better type of humanity, morally, physically and intellectually is to be evolved a man should be content to enjoy the equivalent only of the social value of the service he gives to society and not to accumulate and use capital for the purpose of oppressing the actual producer and deprive him of the greater share of the wealth he creates.

In applying, therefore, their moral principles they devised an economic system which was unique and has since been universally accepted and insisted upon by genuine co-operators. They imposed it as a condition that capital should only have interest for its own use, that men should be paid for their labor according to its value, and that, in the case of a distributive society, profit should be divided in proportion to the extent to which each individual had contributed to it by his purchases. It will give you a fair illustration of how that works out if I quote the experience of a local so-

ciety. The last half year the Guelph Co-operative Association made a net profit on capital of 115 per cent., but capital only took five per cent. or one twenty-third part of the total. The remainder went in proportion to purchases or in other words the member with the largest family, being the greatest purchaser, and consequently possessed of the least capital, would get the greater cash return; the one with the small family, and other conditions being equal, having the most money at his command would get the lesser advantage.

This equitable method of division of the advantage accruing from concerted effort is adapted also to productive societies, selling societies, labor co-partnership factories, housing co-partnership, co-operative banking and almost every other type of associated action.

It will be seen therefore that we lay down as the fundamental principle of co-operation the brotherhood of man and that we recognize in certain economic methods in finance, commerce and industry, the only accurate interpretation of the principle in so far as the economic relationship is concerned.

The British Co-operative Union declines affiliation to any society which fails to practice it. It is also a *sine qua non*

in the Canadian Union, as also I believe in the whole international movement. An organization which divides profit in proportion to capital is not "co-operative." That method of division we say is immoral and unjust and is the parent of the prevailing hypocrisy, fraud and inequity in business, and the root cause of the ever-growing chasm between the very rich and the very poor. The real greatness, moral and material, of this and every other nation depends not upon its aggregate wealth or income but upon the average comfort of each unit. You must look for the signs of national decay and individual degeneracy alike in the two extremes, the very rich and the very poor, made rich and poor, as the case may be, through the prevailing inequitable division of the material results accruing from human labor. The co-operative movement has not yet produced a millionaire, indeed not one-tenth of a millionaire, nor is such an event at all possible under its economic methods. A man has a right to a reasonable rent or interest for the use of his money and to have it protected against impairment in the same way as a man has the right to ask for rent for the use of his house or his land, and its quality to be maintained, but we say he has no right, in equity,

to tax the produce of the labor of his neighbor simply because he happens to possess capital the other does not enjoy.

I will now take a hasty review over the International field and see what has been done along co-operative lines since the inception of the movement I have described.

### **British Co-operation**

In Great Britain last year, according to the figures of the British Union there were 2,585,293 co-operators. As they are nearly all heads of families it will be seen that if you concede an average of five per family, that would give a co-operative population of 12,926,475, or rather more than one person in every four of the whole population.

It has been estimated that if the almost consistent rate of progress of the last forty years is maintained every person in the British Isles will be a co-operator within 25 years, but I am afraid it is too much to expect. The increase last year over the preceding one was 63,099 or a total with families of 345,495, one year's increase being just about equal therefore, to the population of this city of Toronto.

### **A Democratic Movement**

This great working-men's movement—probably the most truly democratic in

the whole world employs 69187 people in distribution and 50,565 in production, or a grand total of 119,752, representing a population of about 600,000 and greater than that of Montreal. The sales last year were \$542,261,320 and the aggregate profit \$60,055,515. The share capital at the close of last year was \$170,679,820. A share in a co-operative society cannot increase in value owing to the fixed rate of interest, and that everyone can take a share whenever he pleases. The movement usually shows a net profit of from 35 per cent. to 40 per cent. on the capital employed. A financial expert some years ago in an article in a British financial paper estimated that if the various undertakings in the movement were put on the stock market they would, at the current prices ruling for similar securities, sell at ten times the amount they stand for in their balance sheets. In other words these highly intelligent British artisans have so far as their domestic necessities are concerned, got from under the heavy load of the useless capitalist and thereby escape having to provide nine-tenths of the profits from labor which usually go to the capitalist, the difference being enjoyed by the actual producers and consumers, in better wages and conditions of labor for the

producers and cheaper and better merchandise for the consumers.

British Co-operators are every year getting more and more self-contained in their industries. In 1864 the English retail societies federated to form a "wholesale" each society subscribing a £1 share for every one of its members, paying 6d. per share on account, the balance accumulating out of profits. The first complete year (1865) the Society did a trade of \$603,770. Last year it did a trade exceeding 130 million dollars. It employs 20,000 workers under relatively ideal conditions. This huge federation of working men societies does all kinds of wholesaling. It is a steamship owner carrying its own produce across the seas. It is the largest flour miller in the United Kingdom, is the banker of the movement doing a turnover in that department of about a billion and a half dollars last year. It produces nearly everything co-operators need to use or wear and much of what they eat and drink. The profits are returned to the retail societies in a similar manner. The miners of Cape Breton, Nova Scotia, through their co-operative societies are receiving back the growers and manufacturers as well as the distributors profits on the tea they drink, the groceries they

cat and the clothing, shoes, etc., they wear on such of their purchases as are made from the Co-operative Wholesale Society instead of the same remaining in England for the benefit of wealthy capitalists. Some of you may say, "Yes, but it takes trade out of the country." Canadian co-operators might reply that even from that viewpoint the balance of trade will be for many years on our side because the Co-operative Wholesale Society is the biggest individual buyer of Canadian produce, the British federated societies having bought no less than \$5,000,000 worth of our commodities last year. We, as co-operators do not, however, worry ourselves on that score. We have no more use for the warfare of commerce than we have for that of arms. When merchandise is produced for use instead of for profit such considerations lose their value. We are inclusive and not exclusive. We are cosmopolitan in our social and economic ambitions. In our international fraternity we eliminate all national, racial, social and religious boundaries. The British co-operator seeks no material or other advantage over his German or other foreign brother. We see in international unselfishness our own material well-being; the most effective



manner for the average man of serving his own self-interest.

I have been giving you information as to British Industrial co-operation in which you may consider you are not interested. For that reason possibly I am wearying you. I give you the information not because it directly affects you but to demonstrate the necessity as well as the advantage of our fundamental principle of fraternity in associated industry.

### **British Agricultural Co-operation**

Agricultural co-operation in Britain is in its infancy. I attribute that fact to the feudal atmosphere of the rural districts of England with its consequent distaste for change. Although organized agricultural co-operation in Britain is barely a decade old it is making great strides. It's welfare is looked after by the Agricultural Organisation Society which was incorporated as recently as 1901. It imposes similar conditions as to ethics and methods as the industrial movement and works in perfect harmony therewith, the purpose of the one being to supplement the other on every possible occasion.

As the working men's societies spend half a million dollars annually in co-operative education and one-

fourth of the people -the cream of the industrial population are interested in the movement one would imagine that practically every one in Britain would appreciate what co-operation represented. There would seem to be good excuse for the ignorance of our people when the British Agricultural Organisation Society felt itself under the necessity recently of sending out a communication to the press calling the attention of the agricultural community to the danger of the misapplication of the term co-operation in agricultural developments, and insisting upon the economic methods I have described.

Although there were only 13 agricultural societies recognized by the A. O. S. in 1901 they had increased to 396 at the end of last year. 145 of them were for the supply of requirements and sale of produce such as I understand is in contemplation in the honey industry, 19 were dairy, bottled milk and cheese-making societies, 161 were small-holding and allotment societies, which will not apply to any considerable extent to this country, 39 were agricultural credit or banking societies, 20 egg and poultry, 3 auction marts for the sale of members produce, one central co-operative bank, an Agricultural organization society for

Scotland and an agricultural and general co-operative insurance society. Some societies pay particular attention to the improvement of live stock. The Leicestershire and Rutland Cattle Improvement Society is expressly for that purpose. It was formed with the object of increasing the yield of milk per cow in those counties. The committee of the society does not confine itself to the purchase and hiring out to members of pedigree stock only, but to inspection of their herds as well, which is considered to be of great advantage to the small farmer. A similar policy as to horses is pursued by the Tiverton Farmers and Shire Horse Society as to the improvement of the quality of horses in that district.

The British Societies affiliated with the Agricultural Organisation Society increased their membership from 19,500 on December 31, 1909 to about 24,000 last December, the aggregate turnover increasing from \$4,300,000 to \$5,500,000 in the same period. They are operating to the great advantage of British farmers.

### **The Movement in Europe**

During the last generation co-operation has made remarkable strides on the European continent. Before 1882 there was

no Co-operative dairy in Denmark. To-day there are more than 1200 and you have, no doubt, heard of their influence in the British market. Retail societies were almost unknown in Denmark prior to the eighties of the last century. In 1906 there were 1200. In Sweden, in the ten years ending 1906, 3162 co-operative societies of various kinds were registered. Finland in 1901 had one co-operative society—a store. In 1908 there were 310 stores, 308 dairies 206 banking and 192 for miscellaneous purposes. In a little more than six years 1016 societies came into existence. In Roumania there are more than 2000 credit societies, among the peasants, who were almost unacquainted with such institutions 15 years ago. In Hungary distributive co-operation was actually unknown in 1890. To-day there are more than 800 societies federated with the "Wholesale" organized in 1898. In Switzerland while the movement in its initiation was almost contemporary with that of the Rochdale pioneers, the great bulk of the existing societies have been formed during the last 20 years. No less than 2138 societies were established in that, the smallest country in Europe, between 1900 and 1907. Co-operative societies in Holland run into the thou-

sands, organised during the last fifteen years.

The progress of the movement in Germany has been remarkable there being no less than 25,714 societies of various kinds in existence. In the agricultural section 13,127 were credit and banking, 1699 raw material, 3294 productive, being mostly dairy, and 892 miscellaneous. In France Austria, Italy, Norway and Russia the movement is also well represented and indeed nearly every country in the civilized world, including Japan and India, a co-operative union having recently been organized in the latter country.

I am afraid I have given you a surfeit of statistics, but while I cannot expect in a rapid review their portent to be fully appreciated, they will give some idea of the extent to which the co-operative faith in our social relations is accepted throughout the world, and that while men may differ in temperament because of their racial origin, national environment or religious opinions they can agree in the moral virtue and social value of this great international co-operative movement, which would substitute harmony, economy and justice for the prevailing industrial unrest, econo-

mic waste and class privileges, prejudices and hatred.

### **Canada and United States**

The United States and Canada have been long regarded as the Sahara of the movement, the great desert upon which it is difficult for the seed of co-operation to take root. There is, however, considerable activity on both sides of the line. A few weeks ago a convention was held at Minneapolis of leading agricultural authorities, including the assistant secretary of Agriculture from Washington, to define true co-operation which it did on the lines I have mentioned. In Canada considerable progress is being made in distribution, the Canadian Union having thirteen societies in affiliation and a number of others in process of organization.

### **Co-operation and Trusts**

Co-operation is bound to make head way on this continent. It is the only possible alternative to trusts, and with intelligent activity on the part of our people will eventually be found to be a substitute, gradually taking the place of capitalistic exploitation, in the same manner as local prohibition seems to be gradually replacing the licensed system. A democracy will not permanently tolerate the ever-growing tendency of trusts

to dominate trade and commerce in the interests of the few.

### **Co-operative Sale of Honey**

Every form of genuine co-operative effort is looked upon with favor by the movement. In your own case it would take the form of the co-operative sale of your produce and the purchase of your supplies. The latter feature will, I should imagine, although I have no personal experience, be relatively unimportant.

You will have gathered from my remarks that in my judgment, the only genuine co-operative method would be for each producer to sell his crop to the Society at the market price, to accept a flat rate of say 5% or 6% interest on his capital and for the net profits of sale to be divided among the members in proportion to the value of the product each contributes to the society. Such a society ought to be of great value to producer and consumer alike in eliminating unnecessary expenses in distribution and in maintaining a standard of quality, a most essential feature in all food products.

I know nothing of the honey industry so am not qualified to give technical advice, but, looking at the subject in a

common sense light, I would suggest that a capable business man, with the necessary tact to work in harmony with the members and also possessing the technical experience of the business to efficiently manage the institution and sell the produce, should be appointed. Members should each have one vote only and it should be given in person. Care is needed that the members through the directors, control the policy and supervise the business, and to that end directors should be appointed with the necessary co-operative spirit and possessed of good common sense. Short of this qualification it will mean that while your society will in form be co-operative, it will in management really be proprietary, and in course of time you would find, as is frequently the case on this continent, the business gravitating into the individual ownership of the manager and the conditions you are now seeking to avoid will be restored. One of the difficulties I anticipate, you will have to meet with will be the exercising of a close oversight in the conduct of the business, your directors and members being drawn from such a large area as this province. Unless a considerable section of the members take an intelligent interest in the affairs of the society, it



will soon cease to be one in fact. To overcome the difficulty I would suggest that county sections should be formed, if they are not already in existence, and that each county or a combination of adjacent counties, should elect its director to the Board of the Society, which will no doubt meet in Toronto or some other central place, and that the general meeting should be held in sectional districts, each sectional director submitting the policy and proposals of his Board to the local members, the view of the majority of the members of all the sections so ascertained by their votes prevailing as the authority of the members in general meeting assembled.

### **One Billion Dollars Saved**

Reverting to agriculture generally I may say that while during the last half-century one billion dollars have been saved to British Co-operators by their associated efforts in the purchase of merchandise and in one city alone—that of Edinburgh—the savings so effected have in the last 26 years reached the extraordinary total of \$21,379,035. their opportunities, by the nature of the industries in which they are engaged, are more circumscribed than those of the farming community of this country

### Agricultural Development

In the case of the farmers of Canada, they finance, by personal or borrowed capital, their own labor and market its produce so that they can effect by co-operative effort great savings both "coming and going," that is to say in the production and sale of the commodities they have to market as well as in the purchase of the merchandise they need to buy.

Notwithstanding the enormous success of British Co-operation it will be seen from the figures I have given that but a very small percentage of my fellow co-operators in the old land benefit by the co-operative employment of their labor.

In every agricultural trading centre in Canada might be gradually evolved a co-operative institution which would not only organize the farmer's demand for merchandise and eliminate the middleman's profit therefrom, but it might at the same time organize the sale of his produce also by placing it in the hands of the consumer direct, through his own distributive societies, developing along parallel lines in Canadian towns and cities, and with the great British co-operative consuming population.

### **Social Advantages**

Such an institution would do more. It would replace suspicion of each other's motives by fraternal confidence in each other's integrity and good intentions. It would, as in Britain and other countries, provide opportunities for social intercourse, recreation and education, and do as it has done for British co-operators to a remarkable extent, give the farmers of the country better opportunities for acquiring personal experience in the transaction of business and the treatment of public questions, thereby providing for the service of the state a body of men truly democratic in their habits of mind, fraternal in their social ambitions and intellectually equipped for the development by pure, good and progressive methods of government, of this great Dominion of Canada so fraught with opportunities for the advantage and happiness of mankind



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